

NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-6011
PAUL FRANCUCH/DETROIT

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IACOCCA RESIGNATION

ANNCR:

THE WORLD'S AUTOMOBILE CAPITAL IS ALIVE WITH SPECULATION OVER WHY FORD MOTOR COMPANY PRESIDENT LEE IACOCCA WAS ASKED LAST FRIDAY (7/14) TO RESIGN. THE MOVE STARTLED AMERICA'S BUSINESS COMMUNITY, BUT CAME AS LITTLE SURPRISE TO LONG-TIME OBSERVERS OF THE AUTOMOBILE INDUSTRY. PAUL FRANCUCH HAS A BACKGROUND REPORT FROM DETROIT:

VOICE:

WHEN LIDO ANTHONY IACOCCA, PRESIDENT OF THE FORD MOTOR COMPANY FOR THE PAST SEVEN AND ONE-HALF YEARS, ASKED BOARD CHAIRMAN HENRY FORD THE SECOND WHY HE WAS BEING DISMISSED, FORD REPORTEDLY SNAPPED, "I JUST DON'T LIKE YOU." ALTHOUGH HE REAL REASONS FOR IACOCCA'S FORCED RESIGNATION MAY NEVER BE MADE PUBLIC, FEW BELIEVE THAT FORD'S TERSE REMARK TELLS THE FULL STORY.

IACOCCA JOINS A GROWING LIST OF FORMER FORD EXECUTIVES WHO WERE UNCEREMONIOUSLY REMOVED FROM TOP POSITIONS. IN DETROIT, THE NAMES OF JAMES COUZENS, CHARLES SORENSON AND SEMON KNUDSON ARE LEGEND. EACH WAS DISMISSED FROM HIGH OFFICE, EITHER BY THE LATE FOUNDER OF THE COMPANY, HENRY FORD SENIOR, OR HIS GRANDSON, CURRENT BOARD CHAIRMAN HENRY FORD THE SECOND.

SIGNS OF IACOCCA'S IMPENDING REMOVAL BEGAN TO EMERGE MORE THAN A YEAR AGO WHEN POWER IN FORD'S EXECUTIVE ECHELON WAS DIVIDED, MOSTLY AT IACCOCA'S EXPENSE. ROBERT LIENERT, EDITOR OF THE KEY TRADE PUBLICATION AUTOMOTIVE NEWS, TOLD VOA THAT TENSION GREW BETWEEN HENRY FORD AND LEE IACOCCA OVER THAT TIME, MAINLY BECAUSE EACH HAD STRONG -- AND DIFFERENT -- IDEAS ON HOW TO MANAGE THE COMPANY. "HENRY FORD IS A STRONG, DOMINANT PERSONALITY

... BUT SO IS LEE IACOCCA," SAID EDITOR LIENERT. "FORD, HOWEVER, IS THE MAN WHOSE NAMES IS ON THE BUILDING."

THE SON OF ITALIAN IMMIGRANTS, IACOCCA BUILT A 32-YEAR CAREER WITH FORD, STARTING AS AN ENGINEER, BUT QUICKLY MOVING INTO SALES. HE IMPRESSED HIS SUPERIORS WITH HIS BUSINESS ACUMEN AND HIS NO-NONSENSE STYLE OF MANAGEMENT AS HE GRADUALLY ASCENDED THE CORPORATE LADDER. SOME BELIEVE HIS GREATEST ACHIEVEMENT CAME IN 1964 AFTER HE PERSUADED RELUCTANT EXECUTIVES TO BUILD A SPORTY NEW COMPACT CAR GEARED TO A GROWING YOUNG ADULT MARKET. THAT CAR -- THE MUSTANG -- WAS AN OVERNIGHT SUCCESS.

MYSTERIOUSLY ENOUGH, IACOCCA'S OUSTER COMES AT A TIME OF GREAT PROSPERITY AT FORD. THE COMPANY IS CELEBRATING ITS SEVENTY-FIFTH ANNIVERSARY THIS YEAR AMID RECORD SALES AND PROFITS. BUT THAT ROSY PICTURE HAS BEEN CLOUDED BY A FEDERAL INVESTIGATION INTO CHARGES THAT FORD PAID BRIBES TO INDONESIAN OFFICIALS. THE COMPANY HAS ALSO BEEN SUED BY SOME STOCKHOLDERS WHO CHARGE THAT HENRY FORD MISUSED COMPANY FUNDS.

THE PROBLEM OF MAINTAINING THE FAMILY'S RULE OVER THE COMPANY IS ALSO A FACTOR IN FORD'S EXECUTIVE SHIFTS. INDUSTRY WATCHERS IN DETROIT SAY THAT 60-YEAR-OLD HENRY WANTS TO RETIRE FROM THE COMPANY WITHIN THE NEXT FEW YEARS, PARTIALLY BECAUSE OF HIS HEALTH. HE HAS BEEN THE CHIEF OF AMERICA'S NUMBER-TWO AUTO MAKER EVEN SINCE THE AGE OF TWENTY-EIGHT. NOW HE WANTS TO TURN THE REINS OF POWER OVER TO ANOTHER FORD -- NOT TO SOMEBODY OUTSIDE THE FAMILY. SOME SPECULATE THAT THE PERSON WILL BE HENRY'S YOUNGER BROTHER, WILLIAM CLAY FORD -- A MAN WHO HOLDS MORE PUBLIC STOCK IN THE COMPANY THAN ANY OTHER PERSON. CLOSE OBSERVERS THINK THAT BROTHER WILLIAM, WHO HAS AN EXECUTIVE POSITION WITH THE COMPANY BUT WHO PLAYS NO REAL MANAGEMENT ROLE, MAY SERVE AS AN INTERIM CHIEF WHEN HENRY STEPS DOWN. THE MAN BEING GROOMED FOR THE TOP

SPOT AT FORD'S, THEY SAY, IS HENRY'S SON, EDSSEL, WHO IS NOW TWENTY-NINE.

LEE IACOCCA WILL STAY FORD PRESIDENT UNTIL MID-OCTOBER, WHEN HE OFFICIALLY RETIRES. NOBODY KNOWS WHEN HIS REPLACEMENT WILL BE NAMED. THERE'S BEEN SPECULATION AROUND DETROIT FOR SEVERAL MONTHS THAT IACOCCA MAY JOIN CHRYSLER'S -- AMERICA'S NUMBER THREE AUTO MAKER. IT WOULD MEAN HAVING TO GIVE UP LUCRATIVE RETIREMENT BONUSES FROM FORD. BUT THOSE WHO KNOW LEE IACOCCA SAY THAT AT AGED FIFTY-FOUR, HE'S STILL YOUNG AND DYNAMIC, AND HARDLY READY FOR RETIREMENT.

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